

AO 120 (Rev. 2/99)

TO: **Mail Stop 8**
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**REPORT ON THE
 FILING OR DETERMINATION OF AN
 ACTION REGARDING A PATENT OR
 TRADEMARK**

In Compliance with 35 § 290 and/or 15 U.S.C. § 1116 you are hereby advised that a court action has been
 filed in the U.S. District Court Northern District of California on the following ☒ Patents or ☐ Trademarks:

DOCKET NO. C-11-2198-EDL	DATE FILED 5/4/2011	U.S. DISTRICT COURT Office of the Clerk, 450 Golden Gate Ave., 16 th Floor, San Francisco, CA 94102
PLAINTIFF SAN FRANCISCO TECHNOLOGY INC.		DEFENDANT FRANKLIN ELECTRONIC PUBLISHERS INC.
PATENT OR TRADEMARK NO.	DATE OF PATENT OR TRADEMARK	HOLDER OF PATENT OR TRADEMARK
1 4,490,811		
2 4,830,618		
3 4,891,775		"PLS. SEE ATTACHED COPY OF COMPLAINT".
4 4,982,181		
5 5,007,019		

In the above—entitled case, the following patent(s) have been included:

DATE INCLUDED	INCLUDED BY <input type="checkbox"/> Amendment <input type="checkbox"/> Answer <input type="checkbox"/> Cross Bill <input type="checkbox"/> Other Pleading		
PATENT OR TRADEMARK NO.	DATE OF PATENT OR TRADEMARK	HOLDER OF PATENT OR TRADEMARK	
1 5,113,340			
2 5,153,831			
3 5,203,705			
4 5,218,536			
5 5,321,609			

In the above—entitled case, the following decision has been rendered or judgement issued:

DECISION/JUDGEMENT

CLERK Richard W. Wicking	(BY) DEPUTY CLERK Thelma Nudo	DATE May 4, 2011
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Copy 1—Upon initiation of action, mail this copy to Commissioner Copy 3—Upon termination of action, mail this copy to Commissioner
 Copy 2—Upon filing document adding patent(s), mail this copy to Commissioner Copy 4—Case file copy

ORIGINAL
FILED

2011 MAY -4 P 3:27

RICHARD M. WICKING
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

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United States District Court
Northern District of California

San Francisco Technology Inc.

Plaintiff

vs.

Franklin Electronic Publishers Inc.

Defendant

Case No. **V 11-02198**

Complaint

Demand For Jury Trial

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1 Plaintiff San Francisco Technology Inc. ("SF Tech") files this Complaint against defendant
2 Franklin Electronic Publishers Inc. ("Franklin") and alleges as follows:

3 **Nature of Action**

4 1. This is a *qui tam* action for false patent marking. Franklin has falsely marked products
5 with intent to deceive the public in violation of 35 U.S.C. § 292 and must be civilly fined for each
6 offense. The statute provides:

7 Whoever marks upon, or affixes to, or uses in advertising in connection
8 with any unpatented article, the word 'patent' or any word or number
9 importing that the same is patented, for the purpose of deceiving the
public ... Shall be fined not more than \$500 for every such offense.

10 **Parties**

11 2. SF Tech is a Delaware Corporation with its principal place of business in San Jose,
12 California.

13 3. Upon information and belief, Franklin is a Pennsylvania business entity with a
14 principal place of business at One Franklin Plaza, Burlington, NJ 08016-4907.

15 **Jurisdiction & Venue**

16 4. This court has subject matter jurisdiction under 28 U.S.C. §§ 1331, 1338(a), and
17 1355(a).

18 5. Venue is appropriate in this District under 28 U.S.C. §§ 1391(b) and 1395(a).

19 6. This court has personal jurisdiction over Franklin. Franklin has sold its products,
20 including its falsely marked products in California and in this District and/or in the stream of
21 commerce with knowledge that they would be sold in California and in this District. Such sales are
22 substantial, continuous, and systematic. Franklin's products, including its falsely marked products,
23 are systematically and continuously sold at retail stores in San Jose, California such as the CVS at
24 2069 Camden Avenue. Franklin advertises its products, including its falsely marked products, on its
25 web site, at www.franklin.com. Franklin advertises on that web site¹ that its products are sold at
26 many retail store chains which have locations in California and in this District, including
27 RadioShack, Staples, Office Depot, Office Max, Fry's, Target, Borders, Barnes & Noble, and Best
28

¹ <http://www.franklin.com/estore/Pages/FindRetailer.aspx>

1 Buy.

2 **Count 1: False Patent Marking**

3 7. SF Tech incorporates by reference all above allegations.

4 8. Franklin advertises itself as a globally connected consumer goods company and “a
5 world leader in electronic handheld devices.”² Franklin identifies itself in its public advertising, on
6 its website, as an innovator and “a globally recognized company that exists to enable superior
7 communications around the world by eliminating physical and virtual boundaries.”³

8 9. Between 1984 and 1994, the United States Patent and Trademark Office issued U.S.
9 Patent Nos. 4,490,811, 4,830,618, 4,891,775, 4,982,181, 5,007,019, 5,113,340, 5,153,831, 5,203,705,
10 5,218,536, and 5,321,609. At the time of issuance of each patent, and as part of its due diligence,
11 Franklin informed itself of when each patent would expire.

12 10. Franklin was aware that, as owner of those patents, it was required to pay periodic
13 maintenance fees to keep those patents in force. Franklin tracked the life-cycle of those patents,
14 electing to pay the maintenance fees for some patents and electing to let other patents lapse. On
15 8/9/1994, 12/7/1999, 1/2/2001, and 1/9/2002, respectively, the USPTO notified Franklin that
16 maintenance fees were due on U.S. Patent Nos. 4,982,181, 5,113,340, 5,218,536, and 5,321,609.
17 Franklin chose not to pay the maintenance fees on U.S. Patent Nos. 4,982,181, 5,113,340, 5,218,536,
18 and 5,321,609, knowing that failure to pay would result in the early termination of those patents.

19 11. Mindful of the patent expiration dates, Franklin has made regular accounting entries
20 for each year of life of the patents. U.S. Patents 4,490,811, 4,830,618, 4,891,775, 4,982,181,
21 5,007,019, 5,113,340, 5,153,831, 5,203,705, 5,218,536, and 5,321,609 expired no later than
22 12/26/2001, 10/24/2007, 5/28/2008, 1/1/1995, 1/6/2009, 5/12/2000, 5/30/2010, 3/21/2010, 6/8/2001,
23 and 6/14/2002, respectively. Franklin determined the expiration date of each patent and repeatedly
24 made entries in its books that reflected the remaining life of the patent — and made a final entry
25 when the patent expired.

26 12. Franklin makes and sells many kinds of electronic educational language products,
27

28 ² See, e.g., Press release, Jan. 6, 2011, Franklin Electronic Publishers Launches Interactive Spelling Device for Children: Speaking Spelling Bee, available at <http://www.franklin.com/images/franklin/arch/press.pdf>

³ Mission, http://www.franklin.com/company_mission/ (last visited April 19, 2011)

1 including the Franklin Spelling Ace Merriam-Webster Spell Corrector & Puzzle Solver and the
2 Franklin Spelling Ace & Thesaurus.

3 13. Despite knowing that the patents were in fact expired, Franklin made a conscious
4 decision to advertise to the consuming public that its Franklin Spelling Ace Merriam-Webster Spell
5 Corrector & Puzzle Solver was subject to "U.S. Patents: 4,891,775; 5,007,019; 5,113,340; 5,203,705;
6 5,218,536; 5,396,606" by placing such designation on the products to be sold – thereby marking it
7 with expired patents. Similarly, Franklin made a conscious decision to advertise to the consuming
8 public that its Franklin Spelling Ace & Thesaurus was subject to "U.S. Patents 4,830,618; 4,891,775;
9 5,007,019; 5,113,340; 5,203,705; 5,218,536; 5,396,606" by placing such designation on the products
10 to be sold — thereby marking it with expired patents.

11 14. The statements contained on the packaging for the Franklin Spelling Ace Merriam-
12 Webster Spell Corrector & Puzzle Solver and the Franklin Spelling Ace & Thesaurus identifying the
13 products as protected by those patents were false. U.S. Patent Nos. 4,830,618, 4,891,775, 5,007,019,
14 5,113,340, 5,203,705, and 5,218,536 expired no later than 10/24/2007, 5/28/2008, 1/6/2009,
15 5/12/2000, 4/21/2010, and 6/8/2001, respectively. SF Tech does not allege that Franklin marked any
16 product in this manner before May 2000.

17 15. The facts constituting the circumstances of the alleged fraud are particularly within
18 Franklin's knowledge or readily obtainable by it. However, there are known facts, as alleged herein,
19 from which one may reasonably infer that Franklin intended to deceive the public when it chose to
20 mark its products with expired patent numbers.

21 16. Franklin spends significant time, money and effort in advertising its products, both in
22 the packaging and labeling of its products as well as on its website, all of which is directed to the
23 consuming public in an effort to promote Franklin's products, emphasize desirable product qualities
24 and arouse in the consumers a desire to buy.

25 17. Franklin makes conscious decisions with regard to its product packaging in terms of
26 what to include or exclude. The Franklin Spelling Ace Merriam-Webster Spell Corrector & Puzzle
27 Solver and the Franklin Spelling Ace & Thesaurus product packaging is limited in terms of space;
28 therefore, Franklin must carefully choose what information to include in this form of advertising.

Franklin designed the packaging on its Franklin Spelling Ace Merriam-Webster Spell Corrector & Puzzle Solver in 2008, well after the expiration of U.S. Patent Nos. 4,830,618, 5,113,340, and 5,218,536, marking that packaging: "© 1994-2008." At that time, Franklin chose to mark the product with the expired U.S. Patent Nos. 4,830,618, 5,113,340, and 5,218,536. Franklin designed the packaging on its Franklin Spelling Ace & Thesaurus in 2007, well after the expiration of U.S. Patent Nos. 5,113,340 and 5,218,536, marking that packaging: "© 2007." At that time, Franklin chose to mark the product with the expired U.S. Patent Nos. 5,113,340 and 5,218,536.

18. Franklin elected to advertise expired patents on its Franklin Spelling Ace Merriam-Webster Spell Corrector & Puzzle Solver and the Franklin Spelling Ace & Thesaurus products in order to induce the public to believe its Franklin Spelling Ace Merriam-Webster Spell Corrector & Puzzle Solver and the Franklin Spelling Ace & Thesaurus products were covered by patent protection and therefore more desirable, exclusive, or innovative.

19. In addition to the product packaging, Franklin advertises its electronic educational language products on its website. Franklin offers online versions of its product manuals for several dozen of its products. The majority of these product manuals bear language claiming patent protection from long expired patents. For example, online product manual for the Franklin Spelling Ace & Thesaurus claims that product is subject to "U.S. Patents 4,830,618; 4,891,775; 5,007,019; 5,113,340; 5,203,705; 5,218,536; 5,396,606." The Franklin Spelling Ace & Thesaurus manual, with a copyright date of 2011, claims patent protection from six patents which in fact, had expired as long ago as 2000.

20. Franklin is aware of the actual and perceived value of offering for sale a patented product and heavily promotes itself as an innovator and patent holder, emphasizing on its website that:⁴

Because Franklin owns tens of patents in the U.S., a number of international patents, and various copyrights for technology and data, we maintain the versatility to stay at the forefront of design and implementation. Use of proprietary software architecture and data compression, in addition to the management and ownership of product design and tooling, allows Franklin to remain competitive in manufacturing products.

⁴ About Us, <http://www.franklin.com/estore/about-us/> (last visited April 19, 2011)

21. Additionally, Franklin boasts to the public of its extensive technology licensing network, stating in every press release that it “licenses its underlying technology to an array of partners, which include Adobe and Sun Microsystems.”⁵

22. Upon information and belief, Franklin follows accounting practices in which intangible assets (such as patents) are amortized. This requires that the cost of an intangible asset be amortized over the useful life of that asset. Franklin determined the expiration date of each patent and repeatedly made entries in its books that reflected the remaining life of the patent — and made a final entry when the patent expired.

23. In connection with its financial accounting, Franklin determined that U.S. Patent Nos. 4,490,811, 4,830,618, 4,891,775, 4,982,181, 5,007,019, 5,113,340, 5,153,831, 5,203,705, 5,218,536, and 5,321,609 expired no later than 12/26/2001, 10/24/2007, 5/28/2008, 1/1/1995, 1/6/2009, 5/12/2000, 5/30/2010, 3/21/2010, 6/8/2001, and 6/14/2002, respectively, and actively tracked the remaining life of each patent until its expiration.

24. Franklin was aware that the patents had expired and were of no further effectiveness or value, but following the expiration of the patents, chose to continue to falsely promote its electronic educational language products as patented both on the product packaging and the website.

25. An invention disclosed in an expired patent is in the public domain. No reasonable basis exists to believe that a product can be protected by an expired patent. Franklin had actual knowledge that the above patent markings were false at the time those markings were made. Franklin uses patent markings in connection with its products to induce the public to believe that each such product is protected by each patent listed and with knowledge that nothing is protected by an expired patent. Accordingly, Franklin falsely marked its products with intent to deceive the public.

Demand For Judgment

SF Tech demands judgment against Franklin, as follows:

1. A declaration that Franklin violated 35 U.S.C. § 292.
2. An accounting of the number, sales, and revenue of all falsely marked articles.
3. A civil fine of \$500 for each offense — half paid to the U.S., and half paid to SF Tech.

⁵ See, e.g., Press release, Jan. 6, 2011, Franklin Electronic Publishers Launches Interactive Spelling Device for Children: Speaking Spelling Bee, available at <http://www.franklin.com/images/franklin/arch/press.pdf>

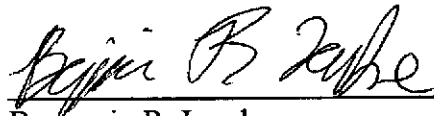
4. A declaration that this is an exceptional case.
5. Costs, including attorney fees.
6. Any other relief the court deems appropriate.

Demand For Jury Trial

SF Tech demands a jury trial on all issues so triable.

Date: May 4, 2011

Mount, Spelman & Fingerman, P.C.,



Benjamin R. Lemke

Counsel for San Francisco Technology Inc.

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